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C O N F I D E N T I A L DJIBOUTI 000597

SIPDIS

MILITARY TREAT AS SPECAT

STATE FOR AF ASSISTANT SECRETARY CONSTANCE NEWMAN  
DEFENSE FOR ISA/AF DAS THERESA WHELAN  
NSC FOR AF DIRECTOR DR. CINDY COURVILLE

E.O. 12958: DECL: 06/22/2015

TAGS: PREL PGOV MARR MASS DJ

SUBJECT: DJIBOUTI'S MINISTER OF FOREIGN AFFAIRS ON  
RATIONALE BEHIND BASE LEASE REQUEST

REF: A. DJIBOUTI 593

B. DJIBOUTI 594

Classified By: AMBASSADOR MARGUERITA D. RAGSDALE.  
REASONS 1.4 (B) AND (D)

¶1. (C) During Ambassador's 6/22 meeting with Djibouti's Minister of Foreign Affairs, Mahmoud Ali Yousuf, on several matters, Ambassador expressed her regret that the Minister had only just arrived from a visit to Qatar and Tunis and had been unable to see General Abizaid during the latter's 6/19-6/20 visit to Djibouti. Yousuf said he had been briefed on the General's meetings. He was aware that President Guelleh had sent a letter to President Bush on base lease renewal and wanted to say that the letter was at the behest of Ambassador Olhaye and was based on a two-part rationale.

¶2. (C) First, Yousuf explained, Djibouti is making progress in structural reforms designed to improve its long-term economic development. It will soon host a meeting of donors to foster planning for a development assistance program that would cover the next five years. Already, there is investment in projects such as Doraleh port and new plans are focused on energy and water. The money that Djibouti gets from major Funds, such as the Kuwait and Arab Funds, for example, will be primarily loans. It would be difficult for Djibouti to finance projects over the long haul with loans because of the impossible debt load that would accrue to the country. Rental of the base at Camp Lemonier can provide a cash infusion that would help Djibouti achieve its development goals without taking on greater debt.

¶3. (C) Second, he continued, was the ten-year access agreement already signed with the French military. Under that agreement, according to Yousuf, France pays about 200,000 Euros annually to support civil-military projects, an additional 5,000,000 Euros for equipment (similar to U.S. Foreign Military Financing), and a direct infusion of about 25,000,000 Euros in cash. This equals 30 million Euros (about USD 42 million). Other technical assistance, economic aid in health, education and other fields, plus French spending on the local economy are "extra," according to Yousuf. The intent was to have the sum that the U.S. would pay fall within the proximity of what the French are already paying. It is, he said, only "a ballpark figure."

¶4. (C) Comment: Djibouti is indeed a small place. We are already beginning to receive comments from Djiboutian military, business, and Ministry of Foreign Affairs contacts about the sum demanded and the future of the U.S. military presence at Camp Lemonier. There are those, such as Abdurahman Boreh (see ref b), who state definitively that Guelleh's request to President Bush for USD 50 million was a mistake and that there are long-term benefits of the U.S. presence that cannot be measured in immediate dollars. Fear exists that the U.S. military might indeed pull up stakes. The Minister's unsolicited explanation of the "rationale" behind the letter may be interpreted as evidence of this fear. Yousuf also implied that Djibouti might accept less. We reiterate, though, that it is President Guelleh who will ultimately decide what Djibouti will accept. End comment.

RAGSDALE